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LISTING STATEMENT NO. 2571

LISTED AUGUST 29, 1972.

1,119,670 common shares without par value of which
301,889 shares are subject to issuance.
Stock Symbol ADW
Post Section 4.2

THE TORONTO STOCK EXCHANGE

LISTING STATEMENTANDRÉS WINES LTD.

Incorporated under the Laws of Canada by
Letters Patent dated April 7, 1965

CAPITALIZATION AS AT JULY 26, 1972

SHARE CAPITAL

	<u>Authorized</u>	<u>Issued and Outstanding</u>	<u>To Be Listed</u>
Preferred shares with a par value of \$10 each and issuable in series of which 125,000 are designated as Series A 6% cumulative preferred shares redeemable at a 6% premium	250,000	33,315 Series A	nil
Common shares without par value of which 301,889 are subject to issuance	3,000,000	817,781	1,119,670

1.

APPLICATION

Andrés Wines Ltd. (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 1,119,670 common shares without par value in the capital stock of the Company, of which 817,781 have been issued and are outstanding as fully paid and non-assessable. The remaining common shares included in this application have been reserved as follows:

Incentive (Performance) Stock Option Plan for the President of the Company at \$3.00 per share expiring March 31, 1982	200,000
84,900 common shares have been reserved under the Employee Stock Option Plan of which 61,400 common shares have been granted at \$2.45 each and must be exercised prior to November 18, 1981	84,900
Roynat Ltd. have been granted an Option pursuant to an offer to Finance — dated November 17, 1969	16,989
	301,889

2.

HISTORY

On January 17, 1961, ANDRÉS WINES LTD. was formed in the Province of British Columbia to manufacture and sell wine in British Columbia. On May 26, 1970, its name was changed to Andrés Wines (B.C.) Ltd.

On April 13, 1964, Anjo Wines Ltd. was formed in the Province of Alberta to manufacture and sell wine to the Prairie Provinces. On May 26, 1969, its name was changed to Andrés Wines (Alberta) Ltd.

On April 1, 1964, Abbey Wines Limited was formed in the Province of Nova Scotia to manufacture and sell wine to Eastern Canada.

On April 7, 1965, Gourmet Wines Limited was formed as a Canadian holding and operating company to initially hold the shares of the above-described companies and in the future to operate a winery in Ontario. On March 28, 1966, its name was changed to Vintage Wines of Canada Ltd. ("Vintage").

In the same year, a share exchange was offered to the preference and common shareholders of Andrés Wines Ltd. and Anjo Wines Limited to exchange their preference and common shares for preference and common shares of Vintage. By this offer, Vintage obtained control of both Andrés Wines Ltd. and Anjo Wines

Ltd. In that same year, Vintage purchased 81,685 common shares of Abbey Wines Limited ("Abbey") representing approximately 51% of the outstanding common shares of Abbey. In addition, ANDRÉS WINES LTD. held 25,000 common shares in Abbey Wines Limited. On March 13, 1969, the name of Vintage Wines Canada Ltd. was changed to Andrés Wines (Canada) Ltd. and in the same year, it began to operate a winery in Winona, Ontario, with a retail outlet in Mississauga, Ontario. On October 23, 1970, the name of Andrés Wines (Canada) Ltd. was changed to Andrés Wines Ltd. ("Andrés"). Andrés presently owns 100% of Andrés Wines (B.C.) Ltd., 96.354% in the common shares of Andrés Wines (Alberta) Ltd. and 66.645% in the common shares of Abbey Wines Limited, and operates a winery in Winona, Ontario, with a retail outlet in the City of Toronto, Ontario.

3.

NATURE OF BUSINESS AND OPERATIONS

The Company and its subsidiaries produce a full range of wines and these wines are sold to the Liquor Control Boards in all the Provinces in Canada except one. In Ontario, besides selling wines to the Ontario Liquor Control Board, the Company also operates a winery retail store in downtown Toronto.

The Company and its subsidiaries are managed by an executive committee team consisting of key management personnel located in Winona, Ontario.

Marketing representatives obtain listings for the Company's products in the liquor stores and also advise the public of the use of wine for various functions.

Ontario, British Columbia, and California grapes are used and this allows the Company to produce a wide variety of wines.

4.

INCORPORATION

The Company was incorporated under the laws of Canada by letters patent dated April 7, 1965, with an authorized capital of 250,000 preferred shares of the par value of \$10.00 each issuable in series and 3,000,000 common shares without nominal par value. The following are details of Supplementary Letters Patent obtained subsequent to April 7, 1965:

<u>Date</u>	<u>Purpose</u>
March 28, 1966	To change Company name to Vintage Wines of Canada Ltd.
March 13, 1969	To change Company name to Andrés Wines (Canada) Ltd.
October 23, 1970	To change Company name to Andrés Wines Ltd.

5.

SHARES ISSUED SINCE INCORPORATION

Common Shares Issued

<u>Date</u>	<u>Subscription</u>	<u>No. of Shares</u>	<u>Consideration</u>	<u>Purpose of Issue</u>
March 26, 1966	Public	13	\$ 13	Qualifying Shares
November 16, 1966	Public	667,001	434,346	Note 1
August 9, 1967	Public	2,941	1,875	Note 1
February 5, 1968	Public	3,572	2,227	Note 1
July 1, 1968	Public	3,750	3,750	Bonus to Debenture Holders
November 6, 1968	Public	9,124	8,440	Note 1
August 25, 1969	Public	1,280	1	Note 1
February 25, 1972	Option	72,000	176,400	Exercise of Stock Option
March 8, 1972	Option	1,500	3,675	Exercise of Stock Option
March 27, 1972	Option	1,600	3,920	Exercise of Stock Option
July 6, 1972	Option	55,000	134,750	Exercise of Stock Option
		817,781	\$769,397	

6% Series "A" Preferred Shares Issued

<u>Date</u>	<u>Subscription</u>	<u>No. of Shares</u>	<u>Consideration</u>	<u>Purpose of Issue</u>
November 16, 1966	Public	31,716	\$317,160	Note 1
August 9, 1967	Public	717	7,170	Note 1
February 5, 1968	Public	722	7,220	Note 1
November 6, 1968	Public	56	560	Note 1
August 25, 1969	Public	104	1,040	Note 1
		33,315	\$333,150	

NOTE 1 An offer on April 29, 1966, was made to the shareholders of ANDRÉS WINES LTD. (now Andrés Wines (B.C.) Ltd.) and Anjo Wines Limited (now Andrés Wines (Alberta) Ltd.) to exchange their shares for shares of Vintage Wines of Canada Ltd. (now Andrés Wines Ltd.)

6. STOCK PRIVILEGES, POWERS, PRIORITIES AND RESTRICTIONS

Preferred Shares

- may be issued on one or more series.
- entitled preference over the common shares in respect of dividends.
- each series shall rank on parity with the preferred shares of every other series with respect to priority in payment of dividends and on the distribution of assets in the event of liquidation, dissolution or winding up of the Company.
- no series to have a dividend rate in excess of 10% per annum except with the approval of all the Preferred Shareholders.
- may be redeemed.
- not be entitled to the right to subscribe or purchase or receive any part of any issue of shares or of bonds, debentures or other securities of the Company.
- no class of shares shall be created ranking as to capital or dividends prior to or on a parity with Preferred Shares without the approval of the holders of the Preferred Shares.
- not entitled to receive notice to attend shareholders' meeting or to any vote unless 4 half-yearly or 8 quarterly dividends are unpaid.
- no dividends to be paid on the common shares if any preferred dividend is in arrears.

Common Shares

- rank junior to the Preferred Shares.
- entitle to one vote for each common share held.

Dividend Record

Preferred dividends paid on the 6% Series A Preferred Shares with a par value of \$10 each are as follows:

<u>Date Paid</u>	<u>Amount Per Share</u>	<u>Total Amount of Dividend</u>	<u>Period Payment Covers</u>
January 15, 1969	\$0.70	\$23,226	July 1, 1966, to August 31, 1967
October 15, 1969	0.35	11,624	September 1, 1967, to March 31, 1968
December 15, 1971	2.10	69,853	April 1, 1968, to September 30, 1971

No dividends have been paid on the common shares.

7.

DESCRIPTION OF PROPERTIES

<u>Location</u>	<u>Approximate Land area (acres)</u>	<u>Type and floor, area of building</u>	
Winona, Ontario	25	Medal clad/block 40,400 sq. ft.	Building and equipment new since 1965.
Port Moody, British Columbia	3.7	Cement Block 80,000 sq. ft.	Building built in stages beginning in 1961. Equipment in good condition — 90% new.
Calgary, Alberta	3	Cement Block 21,800 sq. ft.	Building built in stages beginning in 1964. Equipment in good condition — 90% new.
Truro, Nova Scotia	3	Cement Block 17,600 sq. ft.	Building built in stages commencing after 1964. Equipment is in good condition.

Note: All the above properties are owned and mortgaged.

8.

SUBSIDIARY COMPANIES (all who manufacture and sell wine)

<u>Name of Company</u>	<u>Authorized and Issued Capital</u>	<u>Owned by Parent Company</u>
	<u>Authorized</u>	
Andrés Wines (B.C.) Ltd.	Preferred shares, 6% cumulative of the par value of \$10 each redeemable at par, 50,000 shares	
Incorporated on January 17, 1961, by Memorandum of Association	Common shares without nominal or par value, 200,000 shares	
<u>Issued</u>	<u>Shares</u>	<u>Value</u>
Preferred	47,970	479,700
Common	192,955	19,295
		<u>Shares</u>
		Preferred 47,970
		Common 192,955

Note 1

<u>Name of Company</u>	<u>Authorized</u>	<u>Owned by Parent Company</u>			
Andrés Wines (Alberta) Ltd.	Preferred shares, 6% cumulative of the par value of \$10 each redeemable at a premium of 6% plus arrears of dividends, 50,000 shares				
Incorporated on April 13, 1964, by Memorandum of Association	Common shares without nominal or par value, 200,000 shares				
	<u>Issued</u>	<u>Shares</u>			
	Preferred	35,000	350,000	Preferred	31,150
	Common	149,000	14,900	Common	143,510
					Note 1

<u>Authorized</u>				
Abbey Wines Limited				
Incorporated on April 1, 1964, by Memorandum of Association				Preferred shares, 6% cumulative voting, redeemable at par plus a premium of \$.50 par value \$10 each, 50,000 shares
Common Shares 200,000 shares				
<u>Issued</u>	<u>Shares</u>	<u>Value</u>	<u>Shares</u>	
Preferred	30,036	300,360	Preferred	—
Common	160,079	16,008	Common	106,685
				Note 2

NOTE 1 — An offer on April 29, 1966, was made to the shareholders of ANDRÉS WINES LTD. (now Andrés Wines (B.C.) Ltd.) and Anjo Wines Limited (now Andrés Wines (Alberta) Ltd.) to exchange their shares for shares of Vintage Wines of Canada Ltd. (now Andrés Wines Ltd.). This was exercised over period from April 26, 1966, to August 25, 1969.

NOTE 2 — On November 6, 1968, Vintage Wines of Canada Ltd. (now Andrés Wines Ltd.) purchased from Andrés Wines Ltd. (now Andrés Wines (B.C.) Ltd.) 25,000 common shares for \$2,500.

On August 9, 1967, the Company purchased from the Peller family 81,685 shares for a consideration of \$1.00.

9.

LONG-TERM DEBT

Amount Outstanding

March 31, 1972

11 1/4% Mortgage Bonds \$701,250

Authorized and Issued \$850,000.00

Date Issued — January 15, 1970

Date of Maturity — June 15, 1980

Interest Rate — 11 1/4% payable quarterly

Installments — \$21,250.00 payable quarterly to RoyNat Ltd., 620 Dorchester Boulevard West, Montréal, on the fifteenth of March, June, September and December.

Security — fixed and floating charge on all assets.

First Mortgage \$972,159

Date Issued — January 2, 1970

Principal Amount — \$900,000.00

Date of Maturity — December 31, 1977

Interest Rate — rate of interest per annum equal to the mean prime rate of the Royal Bank of Canada on loans to responsible and substantial commercial borrowers for the six-month period prior to the third clear day before the date of payment of each installment of interest plus one-half of 1%.

Payments — ten consecutive semi-annual installments of \$90,000.00 each commencing June 30, 1973. The Company has the option of deferring 50% of the interest due from date of issue to December 31, 1973, at which time all arrears in interest must be paid.

Interest and installment payments are to be paid to Imperial Tobacco Products (Ontario) Ltd., Montréal, Québec.



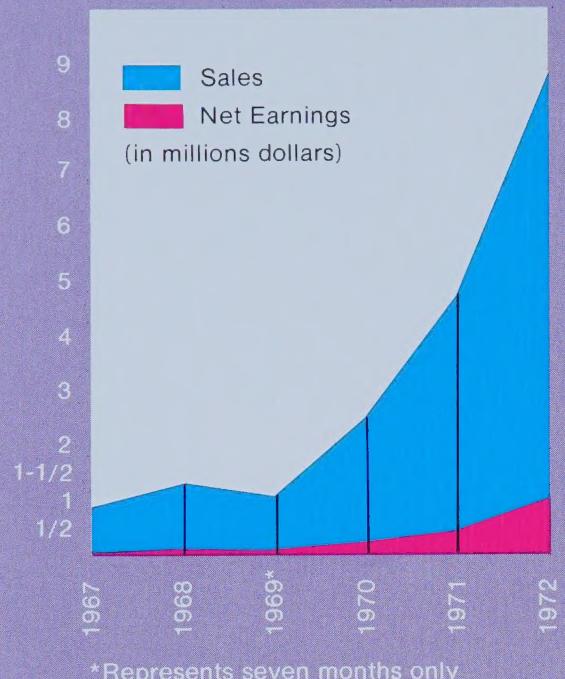
ANDRĒS
wines ltd.
**annual
report**
march 31, 1972

THE YEAR IN REVIEW

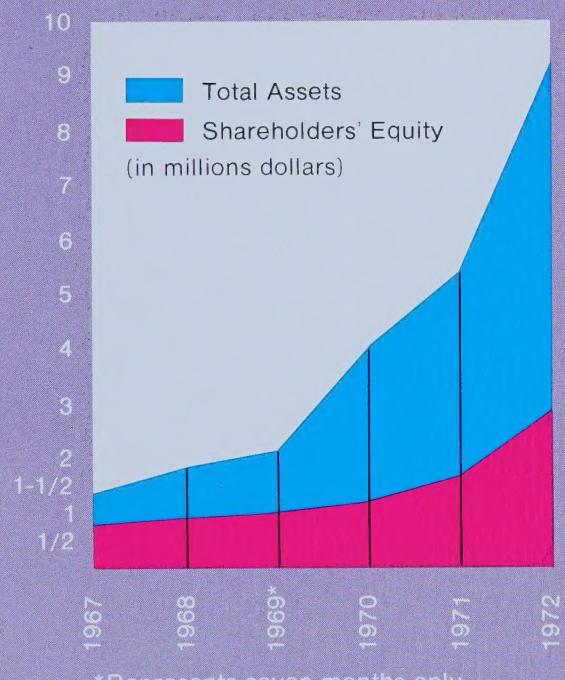
(in thousands of dollars)



	1972	1971	Percentage Increase
Sales	8,660	4,832	79.2
Depreciation	283	183	54.6
Income Taxes	1,023	461	121.9
Net Earnings	1,050	413	154.2
Net Earnings per share (in dollars)			
— Basic	1.48	.57	159.6
— Fully Diluted	1.03		
Total Assets	9,252	5,489	68.6
Shareholders' Equity	2,830	1,639	72.6



*Represents seven months only



*Represents seven months only





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The company has introduced a number of new wines during the last two years and one of the products that has received considerable attention is Baby Duck.



Directors' Report to Shareholders

Nineteen seventy-two was a successful year for your Company with records being set for both sales and earnings.

SALES — Sales for the year were \$8,660,389 compared with \$4,832,362 in 1971, a dramatic increase of 79.2%. Andrés growth rate has far exceeded that of the Canadian wine industry; since 1970 our sales have increased 234%. Sales have increased in all provinces of the country and the largest increases have been in our table and sparkling wines.

EARNINGS — Net earnings for the year were \$1,050,030 compared with \$413,361 in 1971. The ratio of net earnings to sales increased to 12.1% from 8.6% in the prior year; the increase reflects primarily the improved efficiency in operations related to the higher volume of sales.

DIVIDENDS AND RETAINED EARNINGS — During the year dividends on the preferred shares in the amount of \$69,854 were declared to eliminate all arrears up to September 30th, 1971. Retained Earnings increased from \$854,967 in 1971 to \$1,827,116 in 1972.

BALANCE SHEET — Working Capital was \$2,063,324 at the end of the year compared with \$1,442,998 a year earlier.

Capital expenditures for land, buildings, machinery and equipment were \$1,687,086 of which \$590,799 was for buildings, and \$936,305 was for machinery and equipment.

CAPITAL STOCK — During the year a total of 75,100 common shares were issued to employees who purchased them in accordance with the terms of the Employee and Incentive Stock Option Plans.

Your Directors have been concerned over the years that the shareholders of the Company have not been able to utilize the facilities of a recognized stock exchange in buying and selling their shares. On May 18th, 1972 the common shares were listed on both the Montreal Stock Exchange and the Vancouver Stock Exchange.

PERSONNEL — The rapid growth of our Company has required several additions to our Executive staff. Donald W. Campbell was appointed General Manager of Andrés Wines (B.C.) Ltd., and is located at our plant in Port Moody. Dennis B. Fitz, C.A., was appointed Ontario Sales Manager and is based at our plant in Winona. Ronald H. Parent was appointed Controller of the Company and is located at our head offices in Winona. Each of these men have had wide experience in their respective fields and they have proved to be valuable additions to our management team.

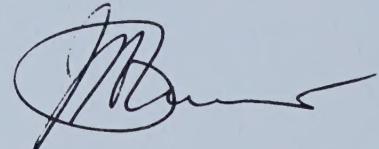
OTHER ITEMS OF INTEREST — During the year the Company received a silver medal from the INTERNATIONAL YALTA WINE FESTIVAL, U.S.S.R., in recognition of the excellence of the Company's VINO BUONO red table wine.

The TENTH ANNIVERSARY of the founding of our Company was observed with the opening of the new addition to our plant in Port Moody, British Columbia. The Honorable Francis X. Richter, Minister of Mines who officially opened the doors of our Company 10 years ago and the Honorable Cyril M. Shelford, Minister of Agriculture presided over the opening ceremonies and the reception which followed. The Company was honored by the attendance of many friends from government, business, and industry who took part in the celebration. The event received wide coverage in Western Canada through television, radio, and the press.

OUTLOOK — The increased sales of Canadian produced wines over the past five years should continue in the year ahead with perhaps some levelling in the rate of growth. While we do not expect that Andrés will maintain the rate of growth of the past few years, we do expect our sales to continue to increase above the industry average. The momentum created by the popularity of our various established brands as well as new brand introductions should enable us to make further gains in market share.

Andrés success in 1972 was made possible by the excellent performance of our employees. Their efforts are acknowledged with sincere thanks. The Directors also wish to express their appreciation for the continued confidence and support shown by our shareholders, customers, and suppliers.

On Behalf of the Board



Joseph A. Peller, President



The new Plant expansion at Winona has been started and will be completed by September 1972. This expansion will increase the plant by 35,000 square feet.



During the year the U.S.S.R. Trade Commission presented the company with a silver medal awarded at the International Yalta Wine Festival in recognition of the excellence of the Company's Vino Buono red table wine.

Consolidated Statement of Earnings

For the Year Ended March 31, 1972

	<u>1972</u> \$	<u>1971</u> \$
SALES	<u>8,660,389</u>	<u>4,832,362</u>
COSTS AND EXPENSES		
Manufacturing, selling and administration	5,993,815	3,576,676
Depreciation	283,204	185,349
Interest on long-term debt	209,375	127,387
Amortization of deferred charges and other assets	30,407	30,384
	<u>6,516,801</u>	<u>3,919,796</u>
	<u>2,143,588</u>	<u>912,566</u>
PROVISION FOR INCOME TAXES		
Current	922,400	406,130
Deferred	100,191	54,441
	<u>1,022,591</u>	<u>460,571</u>
	<u>1,120,997</u>	<u>451,995</u>
MINORITY INTEREST IN NET EARNINGS OF SUBSIDIARY COMPANIES (Note 7)	<u>70,967</u>	<u>38,634</u>
NET EARNINGS FOR THE YEAR	<u>1,050,030</u>	<u>413,361</u>
EARNINGS PER COMMON SHARE (Note 8)		
Basic	<u>\$ 1.48</u>	<u>.57</u>
Fully diluted	<u>\$ 1.03</u>	

Consolidated Statement of Retained Earnings

For the Year Ended March 31, 1972

	<u>1972</u> \$	<u>1971</u> \$
BALANCE — BEGINNING OF YEAR — 1971 Restated	854,967	441,606
Net earnings for the year	<u>1,050,030</u>	<u>413,361</u>
	<u>1,904,997</u>	<u>854,967</u>
Dividends on preferred shares (Note 7)	<u>77,881</u>	<u>—</u>
BALANCE — END OF YEAR	<u>1,827,116</u>	<u>854,967</u>

Consolidated Statement of Source and Use of Working Capital



For the Year Ended March 31, 1972

	<u>1972</u> \$	<u>1971</u> \$
SOURCE OF WORKING CAPITAL		
Net earnings for the year.....	1,050,030	413,361
Items not affecting working capital —		
Depreciation.....	283,204	185,349
Amortization of deferred charges and other assets.....	30,407	30,384
Deferred income taxes.....	100,191	54,441
Minority interest in net earnings of subsidiary companies.....	70,967	38,634
Provided from operations.....	1,534,799	722,169
Increase in long-term debt.....	638,478	17,193
Development incentive grant received.....	35,000	—
Proceeds on exercise of common share options.....	183,995	—
	<u>2,392,272</u>	<u>739,362</u>
USE OF WORKING CAPITAL		
Additions to fixed assets.....	1,687,086	809,239
Dividends on preferred shares (Note 7).....	83,714	—
Increase in agreement receivable.....	1,146	1,523
Payment of prior year's income tax reassessment.....	—	29,500
	<u>1,771,946</u>	<u>840,262</u>
INCREASE (DECREASE) IN WORKING CAPITAL.....		
	620,326	(100,900)
WORKING CAPITAL — BEGINNING OF YEAR.....	<u>1,442,998</u>	<u>1,543,898</u>
WORKING CAPITAL — END OF YEAR.....	<u>2,063,324</u>	<u>1,442,998</u>

Consolidated Balance Sheet as at March 31, 1972

Assets	<u>1972</u> \$	<u>1971</u> \$
CURRENT ASSETS		
Accounts receivable	1,570,594	680,949
Inventories of wine and supplies — at the lower of cost or net realizable value	3,698,387	2,189,711
Prepaid expenses	<u>61,161</u>	<u>71,848</u>
	<u>5,330,142</u>	<u>2,942,508</u>
 7% AGREEMENT RECEIVABLE ON SALE OF LAND —		
Due September 1, 1984	<u>32,669</u>	<u>31,523</u>
 FIXED ASSETS		
Land, buildings and machinery and equipment — at cost less accumulated depreciation (Note 2)	3,718,711	2,370,975
Leasehold improvements — at cost less amortization	<u>56,147</u>	<u>—</u>
	<u>3,774,858</u>	<u>2,370,975</u>
 OTHER ASSETS — at cost less amortization		
Preproduction and other deferred charges	54,976	72,894
Financing expenses	22,871	27,941
Organization expenses	<u>36,170</u>	<u>43,590</u>
	<u>114,017</u>	<u>144,425</u>
 Signed on behalf of the board	<u>9,251,686</u>	<u>5,489,431</u>
J. A. Peller, Director		
C. Norwood, Director		



Liabilities

	<u>1972</u> \$	<u>1971</u> \$
CURRENT LIABILITIES		
Bank advances (Note 3).....	1,558,145	557,078
Accounts payable and accrued liabilities.....	518,889	418,649
Income and other taxes payable.....	882,084	402,083
Current portion of long-term debt.....	<u>307,700</u>	<u>121,700</u>
	3,266,818	1,499,510
LONG-TERM DEBT (Note 4).....	2,616,696	1,978,218
DEFERRED INCOME TAXES.....	126,507	26,316
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARY COMPANIES (including \$338,860 applicable to preferred shares)	<u>411,752</u>	<u>346,618</u>
	<u>6,421,773</u>	<u>3,850,662</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized		
250,000 Preferred shares of the par value of \$10 each, issuable in series, of which 125,000 are designated as Series A 6% cumulative preferred shares, redeemable at a 6% premium		
3,000,000 Common shares without par value		
Issued and fully paid		
33,315 Series A preferred shares.....	333,150	333,150
762,781 Common shares (1971 — 687,681 common shares) (Note 5).....	<u>634,647</u>	<u>450,652</u>
	967,797	783,802
CONTRIBUTED SURPLUS (Note 6).....	35,000	—
RETAINED EARNINGS.....	<u>1,827,116</u>	<u>854,967</u>
	<u>2,829,913</u>	<u>1,638,769</u>
	<u>9,251,686</u>	<u>5,489,431</u>

Notes to Consolidated Financial Statements

For the Year Ended March 31, 1972

1. PRINCIPLES OF CONSOLIDATION

These financial statements include the accounts of Andrés Wines Ltd. and its subsidiaries, Andrés Wines (B.C.) Ltd., Andrés Wines (Alberta) Ltd. and Abbey Wines Limited.

2. FIXED ASSETS AND CAPITAL COMMITMENTS

Land, buildings and machinery and equipment and related accumulated depreciation are classified as follows:

	1972		1971	
	Cost \$	Accumulated Depreciation \$	Net \$	Net \$
Land.....	217,513	—	217,513	122,249
Buildings.....	1,493,614	116,540	1,377,074	823,615
Machinery and equipment.....	2,892,645	768,521	2,124,124	1,425,111
	<u>4,603,772</u>	<u>885,061</u>	<u>3,718,711</u>	<u>2,370,975</u>

Capital commitments amounted to approximately \$188,000 as at March 31, 1972, including a contract for \$95,000 signed subsequent to the year end.

3. SECURITY FOR BANK ADVANCES

A specific and floating charge debenture on all assets of the company and its subsidiaries, ranking after the claims of other secured creditors, as described in Note 4, has been given as collateral security for the bank advances.

4. LONG-TERM DEBT

The long-term debt consists of the following:

	1972 \$	1971 \$
7-3/4% Bank debenture, repayable \$180,000 annually plus interest.....	870,000	—
9% First mortgage bonds Series A repayable in quarterly instalments of \$6,300 plus interest.....	214,200	239,400
10% Debenture due May 15, 1980 with interest payable semi-annually.....	75,000	75,000
11-1/4% Mortgage bonds repayable in quarterly instalments of \$21,250 plus interest.....	701,250	786,250
Agreement to purchase repayable in semi-annual instalments of \$90,000 plus interest at prime bank rate plus one-half of 1% commencing on June 30, 1973.....	972,159	938,893
9-1/4% Serial debenture repayable in quarterly instalments of \$2,875 plus interest.....	48,875	60,375
7% First mortgage repayable in semi-annual instalments of \$1,000 plus interest, due May 31, 1973.....	22,912	—
9% Second mortgage repayable in annual instalments of \$4,000 plus interest commencing May 3, 1972.....	20,000	—
Less: Current portion.....	<u>2,924,396</u>	<u>2,099,918</u>
	<u>307,700</u>	<u>121,700</u>
	<u>2,616,696</u>	<u>1,978,218</u>



Notes (continued)

5. COMMON SHARE OPTIONS AND CAPITAL STOCK

356,889 Common shares have been reserved for stock option agreements of which 333,389 have actually been granted, including 236,000 to directors and officers. As at March 31, 1972, options on 122,189 shares were exercisable under the terms and conditions of the option agreements. The option price is either \$2.45 or \$3.00 and all options expire between August 25, 1974 and March 31, 1982.

During the year options on 75,100 shares, including 69,000 shares to directors and officers of the company, were exercised at the option price of \$2.45 per share.

6. CONTRIBUTED SURPLUS

During the year, a subsidiary company, Abbey Wines Limited, received a development incentive grant of \$35,000 from the Department of Regional Economic Expansion of the Federal Government, which amount has been shown as contributed surplus in these financial statements.

7. DIVIDENDS ON PREFERRED SHARES

The dividends on preferred shares charged to retained earnings consist of \$69,854 with respect to the parent company and the balance with respect to the minority interest in the cumulative preferred share dividends of prior years of a subsidiary company. The dividends on the latter relating to the year ended March 31, 1972 have been charged to minority interest in net earnings of subsidiary companies in the statement of earnings.

8. EARNINGS PER COMMON SHARE

Earnings per common share is based on the net earnings for the year (less the 6% cumulative preferred share dividends) and the weighted average number of common shares outstanding during the year.

Fully diluted earnings per common share assumes the exercise of the 333,389 shares granted under stock option agreements mentioned in Note 5 and investment of the proceeds at 7% less applicable income taxes.

9. STATUTORY INFORMATION, RE: DIRECTORS AND OFFICERS

The remuneration paid to eleven directors, as directors, amounted to \$4,100. The remuneration paid to six officers, of whom four are also directors, amounted to \$138,014.

Certain directors and officers of the company hold similar positions in the subsidiary companies for which they received no remuneration.

10. COMPARATIVE FIGURES

Certain of the 1971 figures have been reclassified to conform with the 1972 financial statement presentation.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Andrés Wines Ltd. and its subsidiaries as at March 31, 1972 and the consolidated statements of earnings, retained earnings and source and use of working capital for the year then ended. Our examination of the financial statements of Andrés Wines Ltd. and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of one subsidiary, Abbey Wines Limited.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at March 31, 1972 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.
Chartered Accountants.

Six Year Summary

	<u>1972</u>	<u>1971</u>	<u>1970</u>	<u>(Seven Months)</u> <u>1969</u>	<u>1968</u>	<u>1967</u>
INCOME STATISTICS						
(in thousands dollars)						
Sales	8,660	4,832	2,592	1,129	1,358	983
Income Taxes	1,023	461	200	75	53	7
Net Earnings before Minority Interest	1,121	452	296	105	89	55
Net Earnings	1,050	413	250	105	113	54
Net Earnings Per Common Share						
— Basic	\$1.48	\$.572	\$.335	\$.123	\$.136	\$.052
— Fully Diluted		\$1.03				
BALANCE SHEET STATISTICS						
(in thousands dollars)						
Working Capital (deficiency)	2,063	1,443	1,544	428	402	(11)
Fixed Assets (net)	3,775	2,371	1,747	1,009	956	682
Long Term Debt	2,617	1,978	1,961	412	441	87
Minority Interests	412	347	267	222	236	54
Shareholders' Equity	2,830	1,639	1,248	1,009	941	815
Total Assets	9,252	5,489	4,078	2,113	1,893	1,422
NUMBER OF SHARES OUTSTANDING						
Preferred Shares — Series A	33,315	33,315	33,315	33,211	33,155	32,433
Common	762,781	687,681	687,681	686,401	677,277	669,942

Note: The year end was changed from August 31st to March 31st in 1969.

DIRECTORS

E. S. Arnold, Grimsby, Ontario
J. A. Boychuck, Burlington, Ontario
G. R. Dawson, Vancouver, B.C.
B. R. James, Hamilton, Ontario
R. H. Jenkins, Calgary, Alberta
C. O. Nickle, Calgary, Alberta
C. Norwood, Halifax, Nova Scotia
A. Peller, Ancaster, Ontario
J. A. Peller, M.D., F.R.C.P.(C),
Ancaster, Ontario
G. W. Snelgrove, Burlington, Ontario
W. J. Walsh, M.D., F.R.C.P.(C),
Hamilton, Ontario

REGISTRAR AND TRANSFER AGENT

The Canada Trust Company,

AUDITORS

McDonald, Currie & Co.

OFFICERS

A. Peller, *Chairman of the Board*
J. A. Peller, *President*
E. S. Arnold, *Vice-President Operations*
J. A. Boychuck, *Vice-President Marketing*
N. D. Smith, *Vice-President Finance
and Secretary*

BANKER

The Royal Bank of Canada

HEAD OFFICE

Winona, Ontario

PLANT LOCATIONS

(including subsidiaries)
Port Moody, British Columbia
Calgary, Alberta
Winona, Ontario
Truro, Nova Scotia

9% First Mortgage Bonds — Series "A"	\$214,200
Authorized and Issued \$315,000.00	
Date Issued — November 30, 1967	
Date of Maturity — August 15, 1980	
Interest Rate — 9% per annum payable quarterly	
Payments — \$6,300.00 quarterly to RoyNat Ltd., 620 Dorchester Boulevard West, Montréal, on the fifteenth day of February, May, August and November.	
Security — Fixed and specific mortgage and a floating charge on the assets of the Company.	
10% Debentures	\$ 75,000
Authorized and Issued \$75,000.00	
Date Issued — November 15, 1967	
Date of Maturity — May 15, 1980	
Interest Rate — 10% per annum payable half-yearly on the first days of January and July of each year.	
Security — floating charge	
7% First Mortgage	\$ 22,912
Date Issued — May 3, 1971	
Principal Amount — \$24,912.50	
Date of Maturity — May 31, 1973	
Interest Rate — 7% payable semi-annually	
Installments — \$1,000.00 semi-annually	
Security — Part Lot 22, Concession 1, Town of Grimsby, Ontario.	
9% Second Mortgage	\$ 20,000
Date Issued — May 3, 1971	
Principal Amount — \$20,000.00	
Date of Maturity — May 3, 1976	
Interest Rate — 9% per annum payable yearly	
Installments — \$4,000.00 yearly on the third day of May, 1972, 1973, 1974, 1975 and 1976	
Security — Part Lot 22, Concession 1, Town of Grimsby, Ontario.	
9½% Serial Debenture	\$ 48,875
This is with the subsidiary Abbey Wines Limited	
Authorized and Issued — \$100,000.00	
Date issued — July 14, 1966	
Date of Maturity — June 15, 1976	
Interest Rate — 9½% per annum payable quarterly	
Installments — \$2,875.00 payable quarterly to RoyNat Ltd., 620 Dorchester Boulevard West, Montréal, on the fifteenth of March, June, September and December.	
Security — First fixed and specific mortgage and floating charge on the assets of Abbey Wines Limited.	
7% Promissory Note secured by a demand debenture with the Royal Bank of Canada	\$870,000
Date Issued — November, 1971	
Date of Maturity — November, 1976	
Interest Rate — 7% per annum payable monthly	
Installments — \$15,000.00 monthly payable to the Royal Bank of Canada, Hamilton, Ontario.	
Security — fixed and floating charge on the assets of the Company.	

10. **OPTIONS, UNDERWRITINGS, ETC.**

- (a) There are no underwriting agreements outstanding.
- (b) There are no issued shares of the Company held for the benefit of the Company.
- (c) On November 18, 1971, the directors of the Company adopted an Employee Stock Option Plan pursuant to which 100,000 common shares of the Company have been reserved for the exercise of options granted or to be granted. To date, 76,500 common shares have been granted at \$2.45 per share and 15,100 of these have now been exercised. The expiry date for those shares granted is November 18, 1981.
- (d) On November 18, 1971, the directors of the Company adopted an Incentive (Performance) Stock Option Plan for the President of the Company. There are four options of 50,000 common shares each at a price of \$3.00 which become exercisable periodically, commencing March 31, 1972, but only if the earnings of the Company shall have reached specified levels during each such period. All the options expire March 31, 1982. Of the above, 50,000 common shares are now exercisable.
- (e) Pursuant to an Offer to Finance, RoyNat Ltd. have been granted a maximum option of 16,989 common shares at a price of \$2.45 each to \$3.00.

11. **LISTING ON OTHER EXCHANGES**

The Company's common shares are presently listed on both the Montreal Stock Exchange and the Vancouver Stock Exchange.

12. **STATUS UNDER SECURITIES ACTS**

A prospectus dated April 29, 1966, was issued for the purpose of a share exchange of preferred and common shares of ANDRÉS WINES LTD. (now Andrés Wines (B.C.) Ltd.) and Anjo Wines Limited (now Andrés Wines (Alberta) Ltd.) for preferred and common shares of Vintage Wines of Canada Ltd. (now Andrés Wines Ltd.).

This prospectus was filed with the Ontario Securities Commission, the British Columbia Securities Commission, and the Alberta Securities Commission.

13. **FISCAL YEAR**

The fiscal year of the Company ends on March 31 in each year.

14. **ANNUAL MEETINGS**

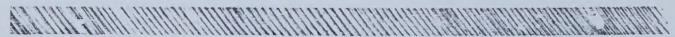
The Annual Meeting of the Shareholders shall be held at such place on such day in each year as the board of directors may by resolution determine. The general meeting of shareholders at which the directors are elected shall be assembled at the same place in Canada. The last annual meeting was held on July 26, 1972.

15. **HEAD OFFICE**

The head office is located at Kelson Avenue and South Service Road, Town of Grimsby, Ontario. Mailing address, P.O. Box 550, Winona, Ontario.

16. **TRANSFER AGENT**

The Transfer Agent of the Company is:



The Canada Trust Company, 110 Yonge Street, Toronto, Ontario. In addition, transfer offices are maintained at Canada Trust offices in Montréal, Calgary, and Vancouver.

17. **TRANSFER FEE**

No fee is charged on stock transfers other than the customary Government Stock Transfer taxes.

18. **REGISTRAR**

The Registrar of the Company is:

The Canada Trust Company, 110 Yonge Street, Toronto, Ontario.

19. **AUDITORS**

The auditors of the Company are:

McDonald Currie & Co., Chartered Accountants, 12th Floor, 105 Main Street East, Hamilton, Ontario.

DIRECTORS AND OFFICERS

<u>Name, Home Address</u>	<u>Office Held</u>	<u>Principal Occupation</u>
E. S. Arnold RR 1, Ridge Road West Grimsby, Ontario	Vice-President, Operations and Director	Vice-President, Operations, of the Company
J. A. Boychuck 835 Danforth Place Burlington, Ontario	Vice-President, Marketing and Director	Vice-President, Marketing, of the Company
G. R. Dawson 3838 Cypress Street Vancouver, British Columbia	Director	President, Dawson Construction Limited, Vancouver, British Columbia
T. Peter N. Jaffray 29 St. Edmunds Drive Toronto 12, Ontario	Director	Vice-President and Director, Dominion Securities Corporation Limited
B. R. James 27 Elm Hill Ancaster, Ontario	Director	Assistant Vice-President of Administration, McMaster University, Hamilton, Ontario
R. H. Jenkins 3009 Champlain Street Calgary, Alberta	Director	President, Burritt Travel Services Ltd. Calgary, Alberta
C. O. Nickle 1132 Prospect Avenue Calgary, Alberta	Director	Publisher, Daily Oil Bulletin Calgary, Alberta
C. Norwood 5970 Emcote Drive Halifax, Nova Scotia	Director	President, Canada Dry Bottling Co. (Halifax) Limited Dartmouth, Nova Scotia
Andrew Peller RR 1, Filman Road Ancaster, Ontario	Chairman of the Board and Director	Chairman of the Board Andrés Wines Ltd., Andrés Wines (B.C.) Ltd., Andrés Wines (Alberta) Ltd., Abbey Wines Limited
Dr. Joseph A. Peller RR 1, Filman Road Ancaster, Ontario	President and Director	President, Andrés Wines Ltd., Andrés Wines (B.C.) Ltd., Andrés Wines (Alberta) Ltd., Abbey Wines Limited
Newman D. Smith 39 Robinhood Drive Dundas, Ontario	Vice-President, Finance and Secretary	Vice-President, Finance, and Secretary of the Company
G. W. Snelgrove 572 Northshore Boulevard Burlington, Ontario	Director	President, Snelgrove Nu-Drive Ltd. Hamilton, Ontario
Dr. W. J. Walsh 11 Oakwood Place Hamilton, Ontario	Director	Associate Dean of Medicine McMaster University Hamilton, Ontario

All Directors and Senior Officers of the Company have been engaged in the principal occupations noted above for the past five years except as follows:

E. S. Arnold was Director of Operations of the Company until September, 1970, when his title was changed to Vice-President, Operations.

J. A. Boychuck was National Marketing Co-Ordinator for House of Seagrams until June, 1968. He then joined the Company as the Director of Marketing. In September, 1970, his title was changed to Vice-President, Marketing.

B. R. James was Controller of McMaster University until May, 1971, when he became Assistant Vice-President of Administration of McMaster University.

Dr. W. J. Walsh was Assistant Dean of Medicine, McMaster University until January, 1971, when he became Associate Dean of Medicine, McMaster University.

Newman D. Smith was Secretary-Treasurer of M. J. O'Brien Ltd. until November, 1969. He then joined the Company as Secretary-Treasurer. In September, 1970, his title was changed to Vice-President, Finance, and Secretary.

T. Peter N. Jaffray has been Vice-President and Director of Dominion Securities Corporation Limited for more than the last five years.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Andrés Wines Ltd. hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

ANDRÉS WINES LTD.



"J. A. PELLER",
President

"NEWMAN D. SMITH",
Vice-President, Finance, and Secretary

DISTRIBUTION OF COMMON STOCK AS OF JULY 6, 1972

<u>Number</u>			<u>Shares</u>
122	Holders of	1 — 24 share lots	1,432
114	" "	25 — 99 "	5,565
114	" "	100 — 199 "	13,051
33	" "	200 — 299 "	6,979
9	" "	300 — 399 "	2,752
14	" "	400 — 499 "	5,974
41	" "	500 — 999 "	25,740
61	" "	1000 — up "	756,288
<u>508</u>	Shareholders	<u>Total shares</u>	<u>817,781</u>
<u> </u>			